

Senate Engrossed House Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 259

HOUSE BILL 2785

AN ACT

AMENDING SECTIONS 16-621, 26-157, 41-713 AND 41-764, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-1306, 41-1307 AND 41-3010.11, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1554, 41-1554.01, 41-1554.02, 41-1554.03, 41-1554.04 AND 41-1554.06, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 32, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3507; AMENDING SECTION 41-3521, ARIZONA REVISED STATUTES; AMENDING LAWS 2006, CHAPTER 350, SECTION 20; MAKING APPROPRIATIONS; RELATING TO BUDGET PROCEDURES FOR BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 16-621, Arizona Revised Statutes, is amended to
3 read:

4 16-621. Proceedings at the counting center

5 A. All proceedings at the counting center shall be under the direction
6 of the board of supervisors or other officer in charge of elections and shall
7 be conducted in accordance with the approved instructions and procedures
8 manual provided for in section 16-452 under the observation of
9 representatives of each political party and the public, but no persons except
10 those authorized for the purpose shall touch any ballot or ballot card or
11 return. All persons who are engaged in processing and counting of the
12 ballots shall be deputized in writing and take an oath that they will
13 faithfully perform their assigned duties. There shall be no preferential
14 counting of ballots for the purpose of projecting the outcome of the
15 election. If any ballot is damaged or defective so that it cannot properly
16 be counted by the automatic tabulating equipment, a true duplicate copy shall
17 be made of the damaged ballot in the presence of witnesses and substituted
18 for the damaged ballot. All duplicate ballots shall be clearly labeled
19 "duplicate" and shall bear a serial number which shall be recorded on the
20 damaged or defective ballot.

21 B. If for any reason it becomes impracticable to count all or a part
22 of the ballots with tabulating equipment, the officer in charge of elections
23 may direct that they be counted manually, following as far as practicable the
24 provisions governing the counting of paper ballots.

25 C. FOR ANY STATEWIDE, COUNTY OR LEGISLATIVE ELECTION, THE OFFICER IN
26 CHARGE OF ELECTIONS SHALL PROVIDE FOR A LIVE VIDEO RECORDING OF THE CUSTODY
27 OF ALL BALLOTS THAT ARE LOCATED IN THE COUNTING CENTER FROM THE TIME THAT
28 THOSE BALLOTS ARE RECEIVED FOR COUNTING UNTIL ALL BALLOTS ARE TABULATED. THE
29 LIVE VIDEO RECORDING SHALL BE LINKED TO THE SECRETARY OF STATE'S WEBSITE AND
30 THE SECRETARY OF STATE SHALL POST THE VIDEO COVERAGE FOR VIEWING BY THE
31 PUBLIC. THE OFFICER IN CHARGE OF ELECTIONS SHALL RECORD THE VIDEO COVERAGE
32 OF THE BALLOTS AT THE COUNTING CENTER AND SHALL RETAIN THOSE RECORDINGS AS A
33 PUBLIC RECORD.

34 Sec. 2. Section 26-157, Arizona Revised Statutes, is amended to read:
35 26-157. Officer's uniform allowances

36 ~~A. An officer~~ A NEWLY commissioned or warranted OFFICER in the
37 national guard or Arizona state guard, upon acceptance of federal recognition
38 and submission to the adjutant general of satisfactory evidence of purchase
39 of the uniform and equipment required, shall receive an allowance therefor of
40 ~~seventy-five~~ TWO HUNDRED FIFTY dollars FOR UNIFORMS AND RELATED EQUIPMENT ON
41 THE DATE THAT THE OFFICER RECEIVES THE COMMISSION OR WARRANT. An officer
42 ~~uniformed and equipped in a manner approved by the adjutant general, as long~~
43 ~~as he continues to hold a commission in the active national guard or Arizona~~
44 ~~state guard,~~ ON RECORD AS OF JANUARY 1 OF EACH YEAR shall receive an
45 additional ~~sixty~~ TWO HUNDRED FIFTY dollars ON APRIL 1 OF THAT YEAR FOR

1 UNIFORMS AND RELATED EQUIPMENT. ~~on each anniversary of federal recognition,~~
2 ~~but no officer shall receive more money therefor than he expended during the~~
3 ~~preceding year. When an officer spends more than the seventy five dollars~~
4 ~~initially allowed, and sixty dollars thereafter in any one year, the excess~~
5 ~~may be included in the voucher for the succeeding year.~~

6 ~~B. The allowance for national guard officers shall cease if the~~
7 ~~national guard is called into service of the United States.~~

8 Sec. 3. Section 41-713, Arizona Revised Statutes, is amended to read:

9 41-713. Telecommunications fund; report

10 A. A telecommunications fund is established for paying costs incurred
11 in operating the telecommunications program office established pursuant to
12 section 41-712.

13 B. The fund consists of:

14 1. Legislative appropriations.

15 2. Grants, except for otherwise specifically dedicated grants,
16 received for telecommunication operations, consolidation and cost reduction
17 or cost avoidance functions.

18 3. Monies derived from administering the telecommunications program
19 office.

20 4. Monies derived from the sale or exchange of telecommunications
21 assets or any assets that may be used to provide telecommunication access.

22 5. Monies derived from agencies and political subdivisions and other
23 states or their agencies in payment for services provided by the
24 telecommunications program office established pursuant to section 41-712.

25 C. The department of administration shall administer the fund. All
26 monies in the fund, INCLUDING SUBACCOUNTS AND PRIVATE ACCOUNTS SUCH AS THE
27 INFRASTRUCTURE INVESTMENT ACCOUNT, are subject to annual legislative
28 appropriation to the department.

29 D. In connection with its annual budget request to the legislature,
30 the department shall prepare a report that accounts for all monies deposited
31 in the fund, the sources of the monies received for deposit, the purposes for
32 which the fund monies were used during the preceding fiscal year and the
33 plans for using fund monies during the next fiscal year.

34 E. Monies in the fund are exempt from the provisions of section 35-190
35 relating to lapsing of appropriations.

36 Sec. 4. Section 41-764, Arizona Revised Statutes, is amended to read:

37 41-764. Contribution of pro rata share for personnel division
38 fund

39 A. State service agencies within the covered service shall contribute
40 a pro rata share of the overall cost of personnel administration services
41 provided by the department. The pro rata share shall be payable by payroll
42 fund source and the resultant amount shall be deposited, pursuant to sections
43 35-146 and 35-147, in a personnel division fund for appropriation by the
44 legislature for the personnel division of the department. ~~Beginning on July~~
45 ~~1, 1997 through June 30, 2003, the pro rata share shall be 90 per cent of the~~

1 ~~total payroll of the agency. Beginning on July 1, 2003, the pro rata share~~
2 ~~shall be 1.04 per cent of the total payroll of the agency. BEGINNING JULY 1,~~
3 ~~2007, THE PRO RATA SHARE SHALL BE 1.07 PER CENT OF THE TOTAL PAYROLL OF THE~~
4 ~~AGENCY. Total payroll shall include all fund sources including the state~~
5 ~~general fund, federal monies, special revenue funds, intergovernmental~~
6 ~~revenue monies, trust funds and other payroll fund sources.~~

7 B. A claim for the pro rata share percentage payment shall be
8 submitted according to the fund source, with the accompanying payroll to the
9 department for deposit in the personnel division fund.

10 C. Notwithstanding section 35-190, only monies in excess of five
11 hundred thousand dollars revert to the state general fund at the end of each
12 fiscal year. The state comptroller shall pay any monies determined to be
13 owed to the federal government from the personnel division fund before
14 calculating the reversion.

15 Sec. 5. Repeal

16 Sections 41-1306, 41-1307 and 41-3010.11, Arizona Revised Statutes, are
17 repealed.

18 Sec. 6. Section 41-1554, Arizona Revised Statutes, is amended to read:

19 41-1554. Definitions

20 In this article, unless the context otherwise requires:

21 1. "Authority" means the greater Arizona development authority.

22 2. "Board" means the board of directors of the authority.

23 3. "Financial assistance" means assistance provided by the authority
24 to eligible political subdivisions, special districts and Indian tribes
25 pursuant to section 41-1554.06.

26 4. "Fund" means the greater Arizona development authority revolving
27 fund established by section 41-1554.03.

28 5. "Indian tribe" means any Indian tribe, band, group or community
29 that is recognized by the United States secretary of the interior and that
30 exercises governmental authority within the limits of any Indian reservation
31 under the jurisdiction of the United States government, notwithstanding the
32 issuance of any patent and including rights-of-way running through the
33 reservation.

34 6. "Infrastructure" means any LAND, BUILDING OR OTHER IMPROVEMENT AND
35 EQUIPMENT OR OTHER PERSONAL PROPERTY THAT WILL MAKE UP PART OF A facility
36 THAT IS located in this state for public use and THAT IS owned by a political
37 subdivision, special district or Indian tribe that retains ultimate
38 responsibility for its operation and maintenance.

39 7. "Loan" means bonds, leases, loans or other evidences of
40 indebtedness.

41 8. "Loan repayment agreement" means an agreement to repay a loan
42 entered into by a political subdivision, special district or Indian tribe.

43 9. "Pledged revenues" means any monies to be received by a political
44 subdivision, SPECIAL DISTRICT OR INDIAN TRIBE, including property taxes,
45 other local taxes, fees, assessments or charges pledged by a political

1 subdivision, SPECIAL DISTRICT OR INDIAN TRIBE as a source for repayment of a
2 loan repayment agreement.

3 10. "Political subdivision" means a county, city or town.

4 11. "Short-term assistance" means assistance provided by the authority
5 to political subdivisions, special districts and Indian tribes in connection
6 with the financing of infrastructure.

7 12. "Special district" means any of the following entities established
8 pursuant to title 48:

9 (a) Municipal improvement district.

10 (b) Fire district.

11 (c) County improvement district.

12 (d) Special road district.

13 (e) Sanitary district.

14 (f) Drainage or flood protection district.

15 (g) County flood control district.

16 (h) County jail district.

17 (i) Regional public transportation authority.

18 (j) Regional transportation authority.

19 13. "Technical assistance" means assistance provided pursuant to
20 section 41-1554.05.

21 14. "Technical assistance repayment agreement" means an agreement to
22 repay assistance provided pursuant to section 41-1554.05.

23 15. "Tribal subdivision" means any chapter, district or village that is
24 recognized by an Indian tribe by resolution or through tribal constitution
25 and that receives technical assistance.

26 Sec. 7. Section 41-1554.01, Arizona Revised Statutes, is amended to
27 read:

28 41-1554.01. Greater Arizona development authority; board;
29 staff; conflict of interest prohibited;
30 violation; classification

31 A. The greater Arizona development authority is established. The
32 authority shall be governed by a board of directors consisting of the
33 following members:

34 1. The director of the department of commerce or the director's
35 designee who shall serve as the ~~chairman~~ CHAIRPERSON.

36 2. The director of the department of environmental quality or the
37 director's designee.

38 3. The director of the department of transportation or the director's
39 designee.

40 4. The state treasurer or the state treasurer's designee.

41 5. Five members, one of whom is a ~~member of an Indian tribe~~
42 REPRESENTATIVE OF A TRIBAL NATION of Arizona, appointed by the governor
43 pursuant to section 38-211. All appointed members shall reside in different
44 counties, and no more than three members may be members of the same political
45 party.

1 B. Members appointed by the governor serve staggered five year terms.

2 C. Members of the board are not eligible to receive compensation for
3 their services but are eligible for reimbursement of expenses pursuant to
4 title 38, chapter 4, article 2.

5 D. Members of the board are public officers for purposes of title 38,
6 chapter 3, article 8 and the authority is a public body for purposes of title
7 38, chapter 3, article 3.1.

8 E. No appointed member may serve more than two consecutive terms,
9 except that service for a partial term of less than three years shall not be
10 counted toward the two term limitation.

11 F. The department of commerce shall provide general administrative
12 support, equipment and office and meeting space to the authority.

13 G. The department of commerce may hire staff to provide administrative
14 and technical assistance on behalf of the authority. Earnings on the monies
15 in the fund may be used to pay for staff services.

16 H. Members of the board shall not participate in any direct
17 discussions or actions related to any project financed under this article in
18 which the member has any direct or indirect personal financial interest. For
19 purposes of this subsection, a member of the board who is an employee or
20 official of a participant in or applicant for a loan shall not be considered
21 to have a direct or indirect personal financial interest in a project by
22 virtue of the member's services alone. A violation of this subsection is a
23 class 1 misdemeanor.

24 Sec. 8. Section 41-1554.02, Arizona Revised Statutes, is amended to
25 read:

26 41-1554.02. Powers and duties of authority

27 A. The authority is a body corporate and politic and shall have an
28 official seal that is judicially noticed. The authority may sue and be sued,
29 contract and acquire, hold, operate and dispose of property as necessary to
30 carry out its responsibilities under this article.

31 B. The authority, through its board, may:

32 1. Issue bonds to provide financial assistance to political
33 subdivisions, special districts and Indian tribes for ACQUIRING,
34 constructing, ~~or~~ improving OR EQUIPPING infrastructure or for refinancing
35 outstanding bonds or other obligations of the political subdivisions, special
36 districts or Indian tribes that were issued to ACQUIRE, construct, ~~or~~ improve
37 OR EQUIP infrastructure. The bonds shall be in the name of the authority.

38 2. Provide financial assistance to political subdivisions, special
39 districts and Indian tribes to finance or refinance infrastructure projects.

40 3. Guarantee debt obligations of political subdivisions, special
41 districts and Indian tribes that are issued to finance or refinance
42 infrastructure projects.

43 4. Provide technical assistance or short-term assistance to political
44 subdivisions, special districts, Indian tribes and tribal subdivisions
45 ~~through staff or other professional assistance.~~

1 5. Apply for, accept and administer grants and other financial
2 MONETARY assistance from the United States government and from other public
3 and private sources to carry out its responsibilities under this article.

4 6. Hire professional assistance as needed to carry out ~~the provisions~~
5 ~~of~~ this article.

6 C. The board shall:

7 1. Approve all policies and procedures of the authority.

8 2. Approve which projects receive technical and financial assistance.

9 3. Approve loan repayment agreements entered into with political
10 subdivisions, special districts and Indian tribes.

11 D. The authority may impose administrative fees and penalties that are
12 necessary to recover the costs incurred in connection with entering into or
13 enforcing a loan repayment agreement or providing financial or technical
14 assistance.

15 E. The board shall deposit, pursuant to sections 35-146 and 35-147,
16 any monies received pursuant to subsection B, paragraph 5 OF THIS SECTION in
17 the fund.

18 Sec. 9. Section 41-1554.03, Arizona Revised Statutes, is amended to
19 read:

20 41-1554.03. Greater Arizona development authority revolving
21 fund

22 A. The greater Arizona development authority revolving fund is
23 established consisting of:

24 1. Monies appropriated by the legislature.

25 2. Monies received from the United States government to carry out
26 ~~the provisions of~~ this article.

27 3. Monies received from political subdivisions, Indian tribes,
28 tribal subdivisions and special districts as loan repayments, technical
29 assistance repayments, interest, administrative fees and penalties.

30 4. Interest and other income received from investing monies in the
31 fund.

32 5. Gifts, grants and donations received from any public or private
33 source to carry out ~~the provisions of~~ this article.

34 6. Any other monies received by the authority.

35 B. The board shall administer the fund in compliance with the
36 requirements of this article. The board shall separately account for
37 monies received from each source listed in subsection A of this section.
38 Monies received pursuant to subsection A, paragraph 1 of this section
39 shall not be used for any purpose except securing bonds issued by the
40 authority and providing assistance under technical assistance repayment
41 agreements if the amount used for providing this assistance is not more
42 than eight hundred thousand dollars. This subsection does not limit the
43 power of the authority to pledge other monies in the fund to secure bonds
44 issued by the authority or to provide assistance under technical
45 assistance repayment agreements.

1 C. The board may establish accounts and subaccounts as necessary to
2 properly account for and use monies received by the authority.

3 D. Monies in the fund may be used for securing bonds of the
4 authority.

5 E. Monies in the fund received pursuant to subsection A, paragraphs
6 2, 3, 4, 5 and 6 of this section may be used for:

7 1. Providing technical assistance to political subdivisions,
8 special districts, Indian tribes and tribal subdivisions.

9 2. Providing financial assistance to political subdivisions,
10 special districts and Indian tribes.

11 3. Paying the compensation and employment related expenses
12 associated with the employees hired pursuant to section 41-1554.01,
13 subsection G.

14 4. Paying the costs to operate the authority, to administer the
15 fund and to carry out the requirements of this article.

16 5. Paying the costs of professional assistance hired by the
17 authority pursuant to section 41-1554.02, subsection B, paragraph 6.

18 F. On notice from the board, the state treasurer shall invest and
19 divest monies in the fund as provided by section 35-313, and monies earned
20 from investment shall be credited to the fund.

21 G. If the monies pledged to secure the bonds become insufficient to
22 pay the principal and interest on the bonds, the board ~~shall~~ MAY direct
23 the state treasurer to divest monies in the fund as may be necessary and
24 ~~shall~~ MAY apply those proceeds to make current all payments then due on
25 the bonds. The state treasurer shall immediately notify the attorney
26 general and auditor general of the insufficiency. The auditor general
27 shall audit the circumstances surrounding the depletion of the fund and
28 shall report these findings to the attorney general. The attorney general
29 shall conduct an investigation and report these findings to the governor
30 and the legislature.

31 Sec. 10. Section 41-1554.04, Arizona Revised Statutes, is amended to
32 read:

33 41-1554.04. Project application and prioritization

34 A. The authority shall:

35 1. Establish an application form for technical and financial
36 assistance.

37 2. Establish a procedure to review and approve or disapprove on its
38 merits each administratively complete application for technical and financial
39 assistance.

40 3. Establish by rule criteria by which technical and financial
41 assistance will be awarded. For financial assistance the criteria shall
42 include a determination of the ability of the applicant to repay a loan
43 according to its terms and other conditions established by this article.

44 4. Adopt rules to prioritize applications for technical and financial
45 assistance.

1 5. Inform the applicant of the board's determination within ninety
2 days after the application date established by the authority pursuant to
3 paragraph 2 of this subsection.

4 B. The board shall:

5 1. Approve or disapprove applications for financial and technical
6 assistance.

7 2. Determine the order and priority of projects assisted under this
8 article based on the merits of the applications.

9 C. If the application is approved, the board may condition the
10 approval on assurances the board deems necessary to ensure that the technical
11 assistance or financial assistance will be used according to law and the
12 terms of the application. The loan repayment agreement shall include any
13 conditions concerning financial assistance deemed necessary by the board.

14 D. The authority shall only make financial assistance or short-term
15 assistance available when ~~projects are ready for construction and~~ the
16 applicant is ready to proceed or, if the financial assistance is for
17 refinancing outstanding bonds or other obligations, when the outstanding
18 bonds or other obligations are to be refunded. The authority may provide
19 technical assistance on an as needed basis. The authority may charge the
20 applicant fees sufficient to cover the authority's costs related to the
21 project.

22 E. A political subdivision, a special district or an Indian tribe may
23 apply to the authority for financial assistance and may accept assistance in
24 connection with an infrastructure project owned by the political subdivision,
25 special district or Indian tribe. The existence of a current investment
26 grade rating on existing debt of the applicant that is secured by the same
27 revenues to be pledged to secure repayment under the loan repayment agreement
28 may be accepted by the board as evidence regarding the ability of the
29 applicant to repay a loan.

30 F. The authority shall only make financial assistance available upon a
31 determination of the ability of the applicant to repay the financial
32 assistance according to its terms and conditions.

33 G. Applications for financial assistance shall:

34 1. Be solicited annually, semiannually, quarterly or monthly as
35 determined by the authority pursuant to subsection A, paragraph 2.

36 2. Be administratively complete before being reviewed by the
37 authority.

38 3. Include documentation concerning the ability of the applicant to
39 repay the financial assistance according to its terms and conditions.

40 4. Include a resolution from the governing body of the political
41 subdivision, special district or Indian tribe that the project is in the best
42 interests of the residents.

43 H. Applications for technical assistance shall:

44 1. Be solicited annually or semiannually as determined by the
45 authority pursuant to subsection A, paragraph 2, except that an application

1 for short-term assistance may be solicited at those times as the authority
2 determines.

3 2. Be administratively complete before being reviewed by the
4 authority.

5 3. Include a resolution from the governing body of the political
6 subdivision, special district or Indian tribe that the project is in the best
7 interests of the residents.

8 Sec. 11. Section 41-1554.06, Arizona Revised Statutes, is amended to
9 read:

10 41-1554.06. Financial assistance

11 A. The authority may provide financial assistance to political
12 subdivisions, special districts and Indian tribes in developing, ACQUIRING,
13 constructing, IMPROVING, EQUIPPING or refinancing infrastructure. The
14 financial assistance shall include:

15 1. Loans as provided in this section.

16 2. Credit enhancements purchased for a political subdivision's,
17 special district's or Indian tribe's bonds or other forms of indebtedness.

18 B. A loan shall be evidenced by a loan repayment agreement, LEASE
19 PURCHASE AGREEMENT or bonds of a political subdivision, special district or
20 Indian tribe that are delivered to and held by the authority.

21 C. The authority shall prescribe a principal repayment schedule for
22 each loan made. Loan principal payments may be rescheduled at the discretion
23 of the authority but may not be forgiven.

24 D. A loan under this section:

25 1. Shall be repaid not more than thirty years after the date it is
26 incurred.

27 2. Shall require that interest payments begin not later than the next
28 date that either principal or interest must be paid by the authority to
29 holders of any of the authority's bonds that provided funding for the loan.
30 The authority may provide that loan interest accruing during construction of
31 the borrower's infrastructure project and up to one year after completion of
32 the construction be capitalized in the loan.

33 3. Shall be repayable in at least annual principal installments and at
34 least semiannual interest installments.

35 4. Shall be conditioned on the identification of pledged revenues for
36 repaying the loan. If the infrastructure financed by the loan is part of a
37 municipal utility and the city or town pledges revenues of the utility to
38 repay the loan, the loan shall be treated under section 9-530, subsection B
39 as a lawful long-term obligation incurred for a specific capital purpose.

40 5. To the extent permitted by law, shall be secured by a debt service
41 reserve account that is held in trust and that is in such amount, if any, as
42 determined by the authority.

43 6. Shall be either:

1 (a) For a political subdivision, additionally secured by an
2 irrevocable pledge of the shared state revenues due the political subdivision
3 for the life of the loan as provided by a resolution of the board.

4 (b) For an Indian tribe, conditioned on the establishment of a
5 dedicated revenue source under the control of a tribally chartered
6 corporation or other tribal entity that is subject to suit by the attorney
7 general to enforce the loan contract or be secured by assets that, in the
8 event of default of the loan contract, are subject to execution by the
9 attorney general ~~without the waiver of any claim of sovereign immunity by the~~
10 ~~tribe.~~

11 E. The authority shall prescribe the rate or rates of interest on
12 loans made under this section, but the rate or rates shall not exceed the
13 prevailing market rate for similar types of loans. A political subdivision
14 OR SPECIAL DISTRICT may negotiate the sale of its bonds to or a loan
15 repayment agreement with the authority without complying with any public or
16 accelerated bidding requirements imposed by any other law for the sale of its
17 bonds.

18 F. The approval of a loan is conditioned on a written commitment by
19 the political subdivision or special district to complete all applicable
20 reviews and approvals and to secure all required permits in a timely manner.

21 G. The approval of financial assistance to a city or town having a
22 population of more than fifty thousand persons shall be conditioned upon ON
23 approval of its voters. An election is not required if voter approval has
24 previously been received for substantially the same project with ~~a different~~
25 ~~financing source.~~

26 H. The approval of financial assistance to a county having a
27 population of more than two hundred thousand persons ~~but less than one~~
28 ~~million persons~~ shall be conditioned on approval of its voters. An election
29 is not required if voter approval has previously been received for
30 substantially the same project with ~~a different financing source.~~

31 I. By resolution of the board, the authority may impose any additional
32 requirements it considers necessary to ensure that the loan principal and
33 interest are timely paid.

34 J. All monies received from political subdivisions, special districts
35 and Indian tribes as loan repayments, interest and penalties shall be
36 deposited, pursuant to sections 35-146 and 35-147, in the fund.

37 K. The attorney general may take whatever actions are necessary to
38 enforce the loan contract and achieve repayment of loans provided by the
39 authority pursuant to this article.

40 L. If a political subdivision fails to make any payment due to the
41 authority under its loan repayment agreement or bonds, the authority shall
42 certify to the state treasurer and notify the governing body of the
43 defaulting political subdivision that the political subdivision has failed to
44 make the required payment and direct a withholding of state shared revenues
45 as provided in subsection M of this section. The certificate of default

1 shall be in the form determined by the authority, provided the certificate
2 specifies the amount required to satisfy the unpaid payment obligation of the
3 political subdivision.

4 M. On receipt of a certificate of default from the authority, the
5 state treasurer, to the extent not otherwise expressly prohibited by law,
6 shall withhold the monies from the next succeeding distribution of monies
7 pursuant to section 42-5029 due to the defaulting political subdivision. In
8 the case of a city or town, the state treasurer shall also withhold from the
9 next succeeding distribution of monies pursuant to section 43-206 due to the
10 defaulting city or town the amount specified in the certificate of default
11 and immediately deposit the amount withheld in the fund. The state treasurer
12 shall continue to withhold and deposit the monies until the authority
13 certifies to the state treasurer that the default has been cured. In no
14 event shall the state treasurer withhold any amount that is necessary, as
15 certified by the defaulting political subdivision to the state treasurer and
16 the authority, to make any required deposits then due for the payment of
17 principal and interest on bonds of the political subdivision that were issued
18 prior to the date of the loan repayment agreement or bonds and that have been
19 secured by a pledge of distributions made pursuant to sections 42-5029 and
20 43-206.

21 Sec. 12. Title 41, chapter 32, article 1, Arizona Revised Statutes, is
22 amended by adding section 41-3507, to read:

23 41-3507. Statewide information security and privacy office;
24 duties; suspension of budget unit's information
25 infrastructure

26 A. THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE IS
27 ESTABLISHED IN THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY. THE STATEWIDE
28 INFORMATION SECURITY AND PRIVACY OFFICE SHALL SERVE AS THE STRATEGIC
29 PLANNING, FACILITATION AND COORDINATION OFFICE FOR INFORMATION TECHNOLOGY
30 SECURITY IN THIS STATE. INDIVIDUAL BUDGET UNITS SHALL CONTINUE TO MAINTAIN
31 OPERATIONAL RESPONSIBILITY FOR INFORMATION TECHNOLOGY SECURITY.

32 B. THE DIRECTOR SHALL APPOINT A STATEWIDE CHIEF INFORMATION SECURITY
33 OFFICER TO MANAGE THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE. THE
34 STATEWIDE CHIEF INFORMATION SECURITY OFFICER SHALL REPORT TO THE DIRECTOR
35 PURSUANT TO SECTION 41-3503.

36 C. THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE SHALL
37 DEVELOP, IMPLEMENT, MAINTAIN AND ENSURE COMPLIANCE BY EACH BUDGET UNIT WITH A
38 COORDINATED STATEWIDE ASSURANCE PLAN FOR INFORMATION SECURITY AND PRIVACY.
39 THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE SHALL:

40 1. DIRECT INFORMATION SECURITY AND PRIVACY PROTECTION COMPLIANCE
41 REVIEWS WITH EACH BUDGET UNIT TO ENSURE COMPLIANCE WITH STANDARDS AND
42 EFFECTIVENESS OF SECURITY ASSURANCE PLANS AS NECESSARY.

43 2. IDENTIFY INFORMATION SECURITY AND PRIVACY PROTECTION RISKS IN EACH
44 BUDGET UNIT AND DIRECT AGENCIES TO ADOPT RISK MITIGATION STRATEGIES, METHODS
45 AND PROCEDURES TO LESSEN THESE RISKS.

1 3. MONITOR AND REPORT COMPLIANCE OF EACH BUDGET UNIT WITH STATE
2 INFORMATION SECURITY AND PRIVACY PROTECTION POLICIES, STANDARDS AND
3 PROCEDURES.

4 4. COORDINATE STATEWIDE INFORMATION SECURITY AND PRIVACY PROTECTION
5 AWARENESS AND TRAINING PROGRAMS.

6 5. DEVELOP OTHER STRATEGIES AS NECESSARY TO PROTECT THIS STATE'S
7 INFORMATION TECHNOLOGY INFRASTRUCTURE AND THE DATA THAT IS STORED ON OR
8 TRANSMITTED BY SUCH INFRASTRUCTURE.

9 D. THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE MAY
10 TEMPORARILY SUSPEND OPERATION OF INFORMATION INFRASTRUCTURE THAT IS OWNED,
11 LEASED, OUTSOURCED OR SHARED IN ORDER TO ISOLATE THE SOURCE OF, OR STOP THE
12 SPREAD OF, AN INFORMATION SECURITY BREACH OR OTHER SIMILAR INCIDENT. A
13 BUDGET UNIT SHALL COMPLY WITH DIRECTIVES TO TEMPORARILY DISCONTINUE OR
14 SUSPEND OPERATIONS OF INFORMATION INFRASTRUCTURE.

15 E. EACH BUDGET UNIT AND ITS CONTRACTORS SHALL IDENTIFY AND REPORT
16 SECURITY INCIDENTS TO THE STATEWIDE INFORMATION SECURITY AND PRIVACY OFFICE
17 IMMEDIATELY ON DISCOVERY AND DEPLOY MITIGATION STRATEGIES AS DIRECTED.

18 Sec. 13. Section 41-3521, Arizona Revised Statutes, is amended to
19 read:

20 41-3521. Information technology authorization committee;
21 members; terms; duties; compensation; definition

22 A. The information technology authorization committee is established
23 consisting of the following fifteen members:

24 1. One member of the house of representatives who is appointed by the
25 speaker of the house of representatives and who shall serve as an advisory
26 member.

27 2. One member of the senate who is appointed by the president of the
28 senate and who shall serve as an advisory member.

29 3. Four members from private industry who are appointed by the
30 governor pursuant to section 38-211 and who are knowledgeable in information
31 technology.

32 4. One local government member and one federal government member who
33 are appointed by the governor and who shall serve as advisory members.

34 5. Two members who are directors of state agencies and who are
35 appointed by the governor.

36 6. The administrative director of the courts or the director's
37 designee.

38 7. The director of the government information technology agency. The
39 director shall be the chairperson of the committee but for all other purposes
40 shall serve as an advisory member.

41 8. Two members from either private industry or state government who
42 are appointed by the governor.

43 9. The staff director of the joint legislative budget committee, or
44 the staff director's designee, who shall serve as an advisory member.

1 B. Committee members who are from private industry serve two year
2 terms. The other members serve at the pleasure of their appointing officers.

3 C. For all budget units and the legislative and judicial branches of
4 state government, the committee shall:

5 1. Review established statewide information technology standards and
6 the statewide information technology plan.

7 2. Review the minimum qualifications established by the director for
8 each position authorized for the agency.

9 3. Approve or disapprove all proposed information technology projects,
10 INCLUDING PROJECT CHANGES AND CONTRACT AMENDMENTS, that exceed a total cost
11 of one million dollars, excluding public monies from county, municipal and
12 other political subdivision sources that are not deposited in a state fund.
13 As part of a budget request for an information technology project that has
14 total costs of more than one million dollars, a budget unit and the
15 legislative and judicial branches of state government shall indicate the
16 status of review by the committee. Projects shall not be artificially
17 divided to avoid review by the committee.

18 4. Develop a report format that incorporates the life cycle analysis
19 prescribed by section 41-2553 for use in submitting project requests to the
20 committee.

21 5. Require expenditure and activity reports from a budget unit or the
22 legislative or judicial branches of state government on implementing
23 information technology projects approved by the committee.

24 6. Conduct periodic reviews on the progress of implementing
25 information technology projects approved by the committee.

26 7. Monitor information technology projects that the committee
27 considers to be major or critical.

28 8. Temporarily suspend the expenditure of monies if the committee
29 determines that the information technology project is at risk of failing to
30 achieve its intended results or does not comply with the requirements of this
31 chapter.

32 9. Hear and decide appeals made by budget units regarding the agency's
33 rejection of their proposed information technology plans or projects.

34 10. Report to the governor, the speaker of the house of
35 representatives, the president of the senate, the secretary of state and the
36 director of the Arizona state library, archives and public records at least
37 annually on all matters concerning its objectives. This includes:

38 (a) Its review of the statewide information technology plan developed
39 by the agency.

40 (b) The findings and conclusions of its periodic reviews.

41 (c) Its recommendations on desirable legislation relating to
42 information technology.

43 11. Adopt rules it deems necessary or desirable to further the
44 objectives and programs of the committee.

45 D. The committee shall meet at the call of the chairperson.

1 E. Members of the committee are not eligible to receive compensation
2 but are eligible to receive reimbursement for expenses pursuant to title 38,
3 chapter 4, article 2.

4 F. For the purposes of this section, "advisory member" means a member
5 who gives advice to the other members of the committee at committee meetings
6 but who is not eligible to vote and is not a member for purposes of
7 determining whether a quorum is present.

8 Sec. 14. Laws 2006, chapter 350, section 20 is amended to read:

9 Sec. 20. Department of economic security; Navajo senior center;
10 appropriation

11 The sum of \$350,000 is appropriated from the state general fund in
12 fiscal year 2006-2007 to the department of economic security for distribution
13 to the Navajo Tribe as one-time funding for senior citizen centers. THIS
14 APPROPRIATION IS EXEMPT FROM THE PROVISIONS OF SECTION 35-190, ARIZONA
15 REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS.

16 Sec. 15. Navajo senior center; reappropriation

17 Notwithstanding any other law, any unexpended or unencumbered monies
18 from the \$45,000 appropriated for a senior center at Chilchenbeto by Laws
19 1998, chapter 222, section 1, are reappropriated to the department of
20 economic security for the purposes specified by Laws 2006, chapter 350,
21 section 20, as amended by this act.

22 Sec. 16. Business reengineering/integrated tax system contract
23 extension; retroactivity

24 A. Notwithstanding any other law, before executing any extension or
25 modification of the current business reengineering/integrated tax system
26 contract with a fiscal impact that increases the contractor's share of
27 gain-sharing proceeds from state revenues during fiscal year 2007-2008, the
28 department of revenue shall submit the proposed changes to the joint
29 legislative budget committee for its review.

30 B. This section is effective retroactively to from and after June 30,
31 2007.

32 Sec. 17. Information technology retirement appropriations;
33 lapsing extension; retroactivity

34 A. Notwithstanding any other law, the amounts appropriated to the
35 information technology plan special line item for the Arizona state
36 retirement system for fiscal year 2004-2005 by Laws 2003, chapter 262,
37 section 88, as amended by Laws 2005, chapter 331, section 12, and exempted
38 from lapsing by Laws 2006, chapter 316, section 6, and for fiscal year
39 2005-2006 by Laws 2005, chapter 286, section 87, as exempted from lapsing by
40 Laws 2006, chapter 316, section 6, are exempt from the provisions of section
41 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,
42 through June 30, 2008.

43 B. This section is effective retroactively to from and after June 30,
44 2007.

1 Sec. 18. State web portal; contract; retroactivity

2 A. Notwithstanding any other law, the government information
3 technology agency shall execute a contract for the state web portal that
4 takes effect contingent on review by the joint legislative budget committee.
5 The government information technology agency shall submit the fiscal
6 provisions of the contract, including a list of services and their associated
7 fees and fee sharing arrangements, for the review by the joint legislative
8 budget committee.

9 B. This section is effective retroactively to from and after June 30,
10 2007.

11 Sec. 19. Military base economic impact study appropriation;
12 lapsing exemption; retroactivity

13 A. Notwithstanding any other law, the amount appropriated to the
14 military base economic impact study special line item for the department of
15 commerce for fiscal year 2006-2007 by Laws 2006, chapter 344, section 5 is
16 exempt from the provisions of section 35-190, Arizona Revised Statutes,
17 relating to lapsing of appropriations.

18 B. This section is effective retroactively to from and after June 30,
19 2007.

20 Sec. 20. Appropriation; counties; ballot counting video

21 A. The sum of \$75,000 is appropriated from the state general fund in
22 fiscal year 2007-2008 to the secretary of state for equal distribution in the
23 amount of \$5,000 to each county's officer in charge of elections for the
24 purposes provided in section 16-621, subsection C, Arizona Revised Statutes,
25 as amended by this act.

26 B. The appropriation made in subsection A of this section is exempt
27 from the provisions of section 35-190, Arizona Revised Statutes, relating to
28 lapsing of appropriations.

29 Sec. 21. Appropriation; national guard uniforms and equipment

30 The sum of \$250,000 is appropriated from the state general fund in each
31 of fiscal years 2007-2008 and 2008-2009 to the department of emergency and
32 military affairs to be transferred to the national guard for the uniform and
33 equipment allowances provided for in section 26-157, Arizona Revised
34 Statutes, as amended by this act.

35 Sec. 22. Appropriation; statewide information security and
36 privacy office; security risk assessment

37 A. The sum of \$500,000 is appropriated from the state general fund in
38 each of fiscal years 2007-2008 and 2008-2009 to the government information
39 technology agency to conduct a statewide security risk assessment and for
40 necessary operating costs and three FTE positions associated with the
41 statewide information security and privacy office established by section
42 41-3507, Arizona Revised Statutes, as added by this act.

43 B. The appropriation made in subsection A of this section for fiscal
44 year 2007-2008 is exempt from the provisions of section 35-190, Arizona
45 Revised Statutes, relating to lapsing of appropriations.

1 Sec. 23. Storage encryption of stored data; request for
2 proposals; definitions; exemption

3 A. On or before September 30, 2007, the government information
4 technology agency shall issue a request for proposals to contract for
5 solutions to encrypt stored data of personal information for all state
6 agencies that maintain more than ten thousand records that contain personal
7 information. Any state agency may elect to adopt and implement the
8 encryption solutions that result from the request for proposals by notifying
9 the government information technology agency.

10 B. The proposed encryption solutions shall meet any standards
11 prescribed by the government information technology agency.

12 C. The government information technology agency shall require that all
13 responsive proposals be submitted on or before November 30, 2007.

14 D. The government information technology agency shall supervise the
15 implementation of any contract that results from the request for proposals.

16 E. For the purposes of this section:

17 1. "Encryption" means a security method in which readable data is
18 scrambled using mathematical algorithms where only individuals who possess
19 the correct secret keys are able to read the data.

20 2. "Personal information":

21 (a) Means an individual's first name or first initial and last name in
22 combination with any one or more of the following data elements, when either
23 the name or the data elements are not encrypted:

24 (i) Social security number.

25 (ii) Driver license number or identification card number.

26 (iii) Account number or credit or debit card number in combination
27 with any required security code, access code or password that would permit
28 access to an individual's financial account.

29 (b) Does not include publicly available information that is lawfully
30 made available to the general public from federal, state or local government
31 records.

32 Sec. 24. Retroactivity

33 Section 41-764, Arizona Revised Statutes, as amended by this act,
34 applies retroactively to from and after June 30, 2007.

APPROVED BY THE GOVERNOR JUNE 25, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 25, 2007,